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SUBJECT: SANTA CRUZ: MAY 4 AS A PANACEA

REF: A) La Paz 638 B) LA PAZ 670

¶1. (SBU) Summary: During a March 26-28 visit to Santa Cruz, American Presence Post officer found the city surprisingly calm and optimistic, although individual Santa Cruz citizens are outraged. They cite an increasingly long list of grievances and complaints against the central government, and they are putting all their energy and hopes into the May 4 referendum on the draft autonomy statute. Expectations among the population are high, and civic leaders recognize that hand-in-hand with the get-out-the-vote campaign they must dampen expectations for what will happen on May ¶5. Nonetheless, they hope a resounding "yes" vote will mark the beginning of a new negotiation (difficult though it will be) with the Morales administration which will result in restructuring the system of government in Bolivia. End summary.

Hitting Where it Hurts

¶2. (SBU) Santa Cruz citizens have reached the boiling point after a series of recent moves by the central government designed to hit where it hurts most: their wallets. The March 19 decree forbidding exports of cooking oil, an industry central to Santa Cruz's economy (reftels), were seen as a direct attack not only on the business owners, but on small producers, transportation workers, and factory employees; in all 16 sectors of the economy. Since the decree violates both market principles and common sense (hurting Bolivia's economy and trade balance as a whole), Crucenos are convinced it is merely a punishment for resistance to the government's socialist vision. The only escape valve on this pressure cooker is the May 4 vote on Santa Cruz's autonomy statute.

¶3. (U) As the government imported Argentine rice to resell at subsidized prices, Santa Cruz rice producers asked why the government didn't buy the product directly from them. Now that the rains have stopped and the roads are again navigable, local rice prices have dropped below those of the government's Argentine rice, which sits in warehouses.

¶4. (U) Strikes to protest the government ban on agricultural exports have been peaceful and controlled. Prefect (Governor) Ruben Costas called March 31 for the strikes to be lifted. He expressed his intention to participate fully in the dialogue of reconciliation led by the Catholic Church (after May 4), but at the same time called for a huge pro-autonomy rally and march on April 2 to demonstrate the unity of purpose in Santa Cruz.

Will the Real Indigenous Leaders Please Stand Up?

¶15. (SBU) APP met with indigenous leaders representing the five communities native to Santa Cruz. The Prefecture has designated ten percent of income from the mining, forestry and hydrocarbons sectors exclusively for development in indigenous communities, and created an office to administer the funds under the leadership of a Chiquitano. With USAID assistance, these indigenous leaders and their communities have drafted prioritized development plans, and they also serve as non-voting representatives in the regional council. Under the autonomy statute, which they had a hand in drafting, each indigenous community will have its own representative (with voting rights) in the regional council, in addition to representatives elected per district. This will result in double representation for indigenous citizens.

¶16. (SBU) These leaders are opposed to Evo Morales' vision for indigenous communities. One pointed to the difference between "indigenism," which he defined as reciting poetry and telling legends about noble races suffering for 500 years, and "indianism" which meant fighting for your rights and your interests. He said the government seemed obsessed with the former, while Santa Cruz indigenous leaders were working on the latter.

¶17. (SBU) They are particularly worried that their communal lands will be divided or taken away if the government's draft constitution is passed. They are even more worried that the land will then be given to "colonizers" from the altiplano who they believe live less in harmony with the land. (Note: These migrants are usually indigenous Aymara or Quechua.) They point for example to the environmental destruction caused by coca cultivation and the resulting natural disasters. As coca has never been an important element in Eastern indigenous cultures, they are completely opposed to the incursion of coca in their protected areas and communal lands.

¶18. (SBU) The indigenous leaders working with the prefecture resent the image of Morales as the indigenous face of Bolivia. However, they admit that there are many Morales supporters in their communities, and MAS party activists are campaigning hard against the autonomy statute and in favor of the draft constitution. (Media reports April 1 said that a different group of indigenous leaders had declared their respective communities autonomous in line with the vision of the draft MAS constitution.) Nonetheless, they are convinced that the majority of Santa Cruz indigenous community members favor departmental autonomy.

¶19. (SBU) The indigenous leaders said their most immediate need is for financial resources to travel to their communities and campaign for the statute. They feel used and abused by leaders of the Civic Committee (a group of civic associations at the forefront of the autonomy movement), saying the Civic Committee is quick to parade them as pro-autonomy indigenous representatives, but does not give them the resources needed to do the job that is expected of them (campaign in their communities).

Decentralization: It's Catching On

¶10. (SBU) APP met with the local branch of the citizen watchdog "Social Control Mechanism" (ref C), the Association of Municipalities of Santa Cruz (AMDECRUZ), and several private citizens and civic leaders. All are waiting anxiously for May 4, to express at the ballot box their frustration with the increasing centralism not only of the Morales government, but of other institutions. Martha Lazo Suarez, who used to form part of the national civic watchdog group "Social Control Mechanism" explained that she had returned to Santa Cruz because she wanted to be at the vanguard, shaping the model for the future political system in Bolivia. She said the prefecture has been completely open and cooperative with her office's requests and demands, and that after May 4 the hope was to further decentralize and train citizens at the municipal level to serve the anti-corruption whistle-blower function. Only then could corruption be reduced and citizens have more faith in their local officials.

¶11. (SBU) Likewise, AMDECRUZ leaders explained that municipal associations had been created first in each of Bolivia's nine Departments. Those nine organizations, in order to share information and lobby for their interests, had formed an association at the national level. However, the umbrella group had become a centralized beast that did not distribute resources fairly. Another of AMDECRUZ's complaints was that the government was distributing hydrocarbons taxes (IDH) based on the average price of oil and gas in 2006, not the real prices in 2007, and therefore owed hundreds of thousands of dollars to the municipalities and prefects.

Other APP Outreach Activities

¶12. (SBU) To date, APP has met with the largest five of Santa Cruz's 14 universities:

- Gabriel Rene Moreno Autonomous University, the public university
- Private University of Santa Cruz (UPSA), an institution founded by the Santa Cruz Chamber of Commerce with an emphasis on business and technical fields
- Private Technological University (UTEPSA)
- Catholic University
- Nur University, based on Bahai principles

All are eager for increased relations with the United States, including speaking engagements by APP and other embassy officers, both in the capital city and in provincial branches. Though we are maintaining a low profile through May 4, we are setting the stage to meet the APP goal of increased outreach to the Embassy's target audiences -- indigenous and youth.

Comment:

¶13. (SBU) "We just have to make it to May 4," is the common refrain which follows complaints from Santa Cruz citizens. Local leaders are wary that the government has a surprise up its sleeve to try to stop the referendum, but they are determined it will take place no matter what, and confident that Santa Cruz citizens will approve the autonomy statute with a resounding "SI!" However, leaders are also aware that May 4 is the beginning of a process, not the end. So far the government's public stance has been one of denial: to declare the referendum illegal and ignore the phenomenon that is taking place.

¶14. (SBU) Leaders are aware there will be no immediate solutions starting May 5, and the situation may indeed get worse before it gets better. They realize that along with the "yes" campaign, they must dampen expectations and convince citizens to be patient while the autonomy process moves forward. Leaders are also pleased that the government agreed to mediation by the Catholic Church, although they do not expect any dialogue to produce results until after May 4. While they are determined that the new "dialogue" will not derail the autonomy vote, they know that negotiating with the government is the only way to shape Bolivia afterwards.